

6.0 %
Real GDP YoY

↑ \$569.6M
12-month Net Change
in Foreign Direct
Investments

11.7 %
Approved Building
Permits YoY

Philippine Key Economic Indicators

**DATA
INTO
ACTION**

Q3 2018

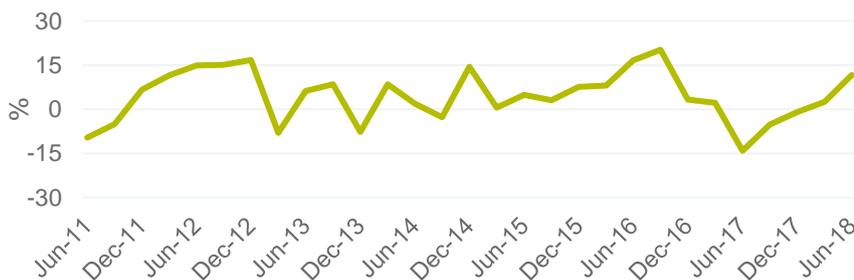
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Construction Activity Gains Momentum

After averaging a 3.1% annual decline since the beginning of 2017, the number of construction activities soared by 11.7% year-on-year (YoY) growth in June 2018. This is a significant increase from -14.1% YoY during the same period last year. Residential building constructions are up by 8.3%, which are composed of 40% increase in residential condominiums, 53.5% increase in apartments, and only 4.1% increase in single-type houses. Non-residential constructions increased by 16.1%, attributed to the increase by 57.2% in agricultural buildings, 35.1% in institutional buildings, 10.6% in industrial buildings, and 10% in commercial buildings.

Building Permits YoY



This quarter's outstanding performance can be assigned to various infrastructure projects launched by the government as part of the 'Build, Build, Build' program. Moreover, growth is seen to be sustainable as activities are becoming lively in areas outside Metro Manila such as CALABARZON, Central Visayas, Central Luzon, and Davao Region.

RESEARCH & CONSULTANCY SERVICES

Cushman & Wakefield's Research & Consultancy Services aims to be the industry leader in terms of real estate research and customized consultancy assignments.

Employing superior research processes and methodologies, the department aims to provide clients with data-driven solutions that are highly relevant to all the steps of the decision-making process.

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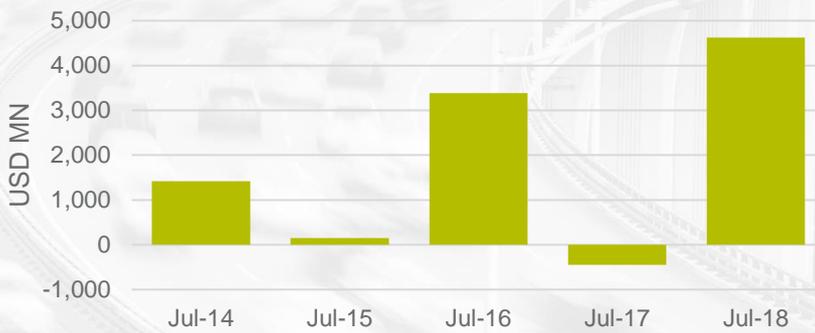


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Net Foreign Direct Investment Annual Change



Real GDP YoY



Positive Investor Sentiment Sustained in July

The Net Foreign Direct Investment is \$570 Million higher compared to a year ago, implying favorable foreign investor sentiment.

The reason for this is the higher-than-average GDP forecast, coupled by the preference of BPO companies to invest in the Philippines. The Philippines is one of the top choices for BPO companies according to the Tholon's Top 100 "supercities" which include Metro Manila (2nd), Cebu City (11th), Sta. Rosa Laguna (87th), Bacolod (89th) and Iloilo (92nd) which is chosen according to the infrastructure and existing processes that support the BPO industry.

GDP Slowed Down But Still Favorable

The 6.0% real GDP growth of the Philippines, for Q2 2018, slowed down compared to last quarter of 6.6%. Despite this, the Philippines is still considered as one of the top performers in the ASEAN region, overtaking that of Singapore (2.6%).

The Philippines is still strong fundamentally as the external factors like the escalation of global trade war that contributed to the decline in growth rate, has less to do with the Philippine fundamentals.

The country's high inflation rate also dampened growth, but measures are now being placed to counter inflationary pressures. Nonetheless, strong growth is forecasted to continue as well in the coming year, as the forecast for the Philippines is 6.6%, higher than the average for the ASEAN region of 5.1%. This foreseen growth is attributed to the success of the infrastructure building of the government and the continuous growth in consumer spending, which is favorable for businesses in the Philippines.

The Philippines will continue to expand in the long-run as the current GDP growth and forecasted one is still higher than the long-run averages suggesting that the Philippines is still in the expansion stage.

Philippine Key Economic Indicators

INDICATOR	FREQ	RELEASE MONTH	CURRENT	10-YEAR AVE	RECENT TREND	RELATIVE TO 10-YR AVE	COMMENT
ECONOMY							
Real GDP YoY	Quarterly	Jun 2018	6.0%	5.6%	▼	▲	Recent growth is the slowest since Jun-2015 but still among the top performing economies in Asia.
Inflation Rate	Monthly	Sep 2018	6.7%	2.6%	▼	▼▼	Headline Inflation is the highest observed since Feb-2009. Measures have been pursued to ease this off by 2019.
Retail Price Index YoY	Monthly	Aug 2018	4.1%	3.1%	■	▼	Slow annual mark-up growth recorded for most commodities except for food prices which is at 4.5%.
Foreign Direct Investment, Net Change, mn	Monthly	Jul 2018	\$569.6	\$74.2	▲	▲▲	Favorable investment sentiment sustained as FDI more than doubled in July.
Visitor Arrivals YoY	Monthly	Jul 2018	5.9%	9.5%	▼	▼▼	Lower arrivals can be attributed to the closure of prime tourist destinations and the period of tropical cyclone formation in the Philippines.
Overseas Workers Remittances YoY	Monthly	Aug 2018	-0.9%	5.7%	▼	▼	Cash remittances is down compared to 7.8% growth recorded last year and 5.2% last month due to slower inflows from Middle East countries.
Trade Deficit, USD mn	Monthly	Aug 2018	-\$3513.5	-\$1245.9	■	▼▼	Trade Deficit grew on account of weaker Philippine peso while fuel and food imports were higher for the period due to economic expansion.
External Debt YoY	Quarterly	Jun 2018	-0.4%	1.2%	▲	▲	Decline in external debt driven by net principal repayments by the private sector's banks amidst weakening domestic currency and prudent debt management by the gov't.
CONSUMER							
Consumer Sentiment Index	Quarterly	Sep 2018	-7.1	-15.3	▼	▲	Negative index recorded for Q3 2018 after 8 quarters of positive reading.
LABOUR							
Unemployment Rate	Quarterly	Jul 2018	5.4%	6.7%	▲	▲	Dropped by 0.1 point from last period after an average of 1.17 million additional employment, mostly in the service sector, has been created.
Urban Population Growth	Annual	Dec 2017	2.0%	1.8%	■	■	Growth is stable for the past 4 years.
REAL ESTATE							
Residential Real Estate Price Index YoY	Quarterly	Mar 2018	2.7%	3.1%	▼	▼	Annual growth decelerates while quarterly growth is down by 0.9% in Mar-2018, attributable to the decrease in prices of single detached houses and condominium units.
Building Permits YoY	Quarterly	Jun 2018	11.7%	4.6%	▲	▲▲	Highest growth recorded since Sep-2016.
Wholesale Price Index: Construction Materials YoY	Monthly	Sep 2018	8.0%	3.1%	▼	▼▼	Growth accelerated from 3.2% on the same period last year although at a slower pace than last month. Steady increase observed since January 2018 peaking at 8.8% in June.
MARKETS							
10-Year Govt Bond Rate	Monthly	Aug 2018	6.3%	5.5%	■	▼	Issued bond rates are stable for this year though figure is still above LT average to counter inflationary measures.
Equity Market Index: Property	Monthly	J 2018	3945.5	2257.0	▲	▲▲	Property stocks remain unruffled despite the increase in policy rates.

Recent trend key: ▲ improving ■ stable ▼ worsening.

Relative to 10-Yr Ave: ▲▲▲ much better ▲ better ■ neutral ▼ worse ▼▼ much worse.

Sources: BSP, PSA, PSE, BTr, World Bank

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